

**DEPARTMENT OF HEALTH SERVICES**

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December 6, 1999

TO: All County Welfare Directors  
All County Administrative Officers  
All County Medi-Cal Program Specialists/Liaisons  
All County Public Health Directors  
All County Mental Health Directors

Letter No.: 99-70

**PURPOSE OF LETTER**

The purpose of this letter is to provide information pertaining to the Medi-Cal Health Insurance Premium Payment (HIPP) program.

**BACKGROUND**

The Health Insurance Premium Payment (HIPP) program was established by the enactment of Assembly Bill 3328 (Margolin 1989). The HIPP program is codified in Section 14124.91 of the Welfare and Institutions Code, and Title 22, Section 50778 of the California Code of Regulations. These statutes authorize the Department of Health Services (DHS), whenever cost effective, to pay private health coverage premiums for Medi-Cal beneficiaries.

California Code of Regulations, Title 22, Section 50763(a)(1) states, "an applicant or beneficiary shall apply for and/or retain any available health coverage when no cost is involved." In order to be eligible for the HIPP program, private health coverage for the beneficiary or applicant must be available or already in place. If the beneficiary terminates the private health coverage, without the approval of DHS, the beneficiary is terminated from the HIPP program.

**ELIGIBILITY REQUIREMENTS**

1. The applicant must be currently on Medi-Cal.
2. The applicant's Medi-Cal Share of Cost (SOC), if any, is \$200 or less per month.
3. The applicant or a covered family member has a high cost medical condition for which the average monthly savings to Medi-Cal is at least twice as much as the monthly premiums.



All County Welfare Directors  
All County Administrative Officers  
All County Medi-Cal Program Specialists/Liaisons  
All County Public Health Directors  
All County Mental Health Directors  
Page 2

4. The applicant has one of the following at the time of application:
  - a. Current health coverage policy
  - b. Consolidated Omnibus Budget Reconciliation Act (COBRA) continuation policy
  - c. COBRA conversion policy
  - d. Coverage available through applicant's employer or a family member's employer
5. The applicant's health coverage policy IS NOT issued through the California Major Risk Medical Insurance Board.
6. The applicant is not enrolled in a Medi-Cal Managed Care Plan, County Organized Health System (OHC), Geographic Managed Care, or the County Medical Services Program.
7. The applicant's health coverage policy covers the high cost medical condition.
8. The completed application form is sent to the State in time to process and begin payments. Processing time is approximately four to six weeks to approve applications and begin payments. Applicants are responsible for payment of premiums until approved for the HIPP program.

#### **REQUIRED DOCUMENTATION**

The following documentation is required before final approval can be given:

1. A completed and signed HIPP application (DHS 6172).
2. A copy of the insurance policy booklet.
3. A copy of the signed and dated physician's statement of diagnosis.

All County Welfare Directors  
All County Administrative Officers  
All County Medi-Cal Program Specialists/Liaisons  
All County Public Health Directors  
All County Mental Health Directors  
Page 3

4. A copy of the latest premium payment notice and/or signed COBRA election form showing:
  - a. Where the premium is to be sent
  - b. The amount of the premium
  - c. The date the premium is due
  - d. The period of coverage (i.e., monthly, quarterly, etc.)
5. Copies of the Explanation of Benefits (EOB) are required from the insurance company detailing the medical costs for the last six months prior to application. Exception: EOBs are not required for pregnancy, organ transplants, or beneficiaries diagnosed with Acquired Immune Deficiency Syndrome.

#### **DHS RESPONSIBILITIES**

1. Review and process the Health Insurance Questionnaire (HIQ/DHS 6155) and the HIPP Application (DHS 6172).
2. Notify the beneficiary of the State's decision to approve or deny HIPP participation.
3. Each case will be re-evaluated annually to determine if it remains cost effective for DHS to continue to pay the health coverage premiums. Exceptions: Beneficiaries enrolled as prenatal are eligible for HIPP benefits for the duration of the pregnancy and a period of up to three months after a normal delivery. Beneficiaries who have organ transplants or AIDS will not require re-evaluation.
4. Initiate premium payments to the insurance carrier, employer, or beneficiary, for approved cases.
5. Update the Medi-Cal Eligibility Data System (MEDS) with the appropriate OHC indicator and the Health Insurance System (HIS) with the source of information, if applicable.
6. Notify the appropriate County if a beneficiary has caused the OHC to be discontinued.

All County Welfare Directors  
All County Administrative Officers  
All County Medi-Cal Program Specialists/Liaisons  
All County Public Health Directors  
All County Mental Health Directors  
Page 4

7. Notify the beneficiary that their health coverage premium payment has been terminated, using the HIPP System Letter.

### **COUNTY RESPONSIBILITIES**

1. Identify Medi-Cal applicants/beneficiaries who are potentially eligible for the HIPP Program.
2. Issue a HIQ (DHS 6155) to all applicants/beneficiaries who indicate that the applicant or a family member has an individual or employer-related health coverage policy in effect and/or they are employed, and that employer-related health coverage is available but has not been applied for.
3. Assure that the following segments of the HIQ (DHS 6155) are complete, accurate and legible:
  - a. Beneficiary's name and address (policyholder may/may not be the same)
  - b. Beneficiary's telephone number
  - c. Social Security number
  - d. Union/employer name and telephone number
  - e. Diagnosis (especially pregnancy, organ transplants and AIDS)
  - f. Notify HIPP of any changes to the beneficiary's OHC

### **ADDITIONAL INFORMATION**

1. The applicant will still have medical benefits from Medi-Cal.
2. HIPP cannot pay premiums for a Medi-Cal child when an absent parent has been ordered by the court to provide the child's medical support.
3. HIPP will not pay for premiums paid prior to application approval or for premiums that are past due.
4. If cost effective, HIPP will pay premiums for a person enrolled on an employer's health plan if necessary to enroll the family members who are on Medi-Cal.

All County Welfare Directors  
All County Administrative Officers  
All County Medi-Cal Program Specialists/Liaisons  
All County Public Health Directors  
All County Mental Health Directors  
Page 5

5. As a condition of Medi-Cal eligibility, any payment the beneficiary receives for medical care must be forwarded to DHS.

### **HOW TO MAKE A HIPP REFERRAL**

Complete the Health Insurance Questionnaire (HIQ - DHS 6155). In order for the HIPP unit to properly evaluate the HIQ, special attention should be paid to the following areas on the form:

1. Ensure that Section I (Beneficiary Information) lists only Medi-Cal eligibles that currently have private health coverage. Be sure to provide the Social Security number for each eligible.
2. Provide as much information in Section II (Health Insurance Information) as you can. Do not delay in submitting HIQs for HIPP referrals. Even if you cannot provide all the information, send the HIQ to the DHS. DHS will try to obtain the information necessary in order to process a HIPP application.
3. Question number 9 must be completely filled out. This question asks the beneficiary if a high-cost medical condition exists and if so, the illness must be listed. It is critical that this portion of the HIQ be complete. Check the "yes" box and indicate the name of the Medi-Cal eligible that has the private health cover and has the high cost medical condition. Be sure to list the type of illness.
4. Immediately submit the HIQ to the Department of Health Services, Premium Payment Unit, P.O. Box 1287, Sacramento, California 95812-1287. The HIQ can also be faxed to (916) 322-8778.

If you have any questions regarding the HIPP program, please contact Ms. Jean Nichols at (916) 324-3774.

Sincerely,

ORIGINAL SIGNED BY

Argeline Mrva, Chief  
Medi-Cal Eligibility Branch